



PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES

QUARTER

A Look Forward

Focusing On The Work That Lies Ahead



**PA Supreme Court Rules
on Data Protection**

**Save the Date
Compliance 2019**

**Annual Consumer Financial
Protection Report Released**



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Stay informed! Join our list to start receiving *The Quarter*



The department has a robust **online library** of publications and reports on a variety of financial topics. We encourage you to read, print, and share all of our publications.



SECRETARY ROBIN L. dobssecretary@pa.gov **Wiessmann**

• • • A Look Forward

As we begin to settle into the new year and look forward to the continued work that lies ahead, it is important to focus on the priorities that help to shape our work. Over the last four years, the department's work has benefited both consumers and businesses in the commonwealth. But our work is not done.

Now as we look ahead, there are areas that will require continued attention, as well as new areas we intend to develop.

Cybersecurity is a Top Priority. Cyberattacks are increasing in volume and sophistication. The department will continue to develop and share resources available to companies and organizations to assist them in developing strong practices to address cybersecurity threats, as well as partnering with other state agencies to educate consumers about ways to **protect themselves online**.

Preventing Elder Financial Abuse. This bears repeating: elder financial abuse is the financial crime of the 21st century. With one of the largest populations of senior citizens in the country, older Pennsylvanians are more susceptible to cognitive impairment and represent a tremendous asset base which makes them targets for financial scammers.

Guided by the **Consumer Financial Protection Initiative**, we will continue to work with public and private partners to help build a network of protection for the commonwealth's senior citizens. We will

work with doctors, lawyers, social workers, senior service providers, and accountants to help these professionals recognize and report financial abuse targeting their clients, especially those suffering from mild cognitive impairment.

Investing in Women. My colleagues and I are implementing this initiative which is designed to demonstrate the value and benefit of having women in leadership roles, as well as positioning all women to be confident in their personal financial decision making. Much of our focus is on getting women interested in – and into – careers in finance, raising awareness on women-friendly workplace policies, and creating workplace cultures that support women. The department is making it a priority to help eliminate the gap that exists for women when it comes to financial capability.



Secretary Wiessmann joins Janet Yeomans, member of the PA State System of Higher Education board of trustees, Bloomsburg University Professor Victoria Geyfman, and Centric Bank CEO Patricia Husic at an October forum to discuss how young women can enter and succeed in the banking industry.



An approach of facilitated innovation. Our charge as a financial services regulator of maintaining the integrity of the marketplace is one that we at the department take very seriously. Equally important is the need to balance that charge with encouraging business development and technological innovation in financial services (fintech). The role of financial regulation is not to make it more difficult to conduct business, but to protect consumers using fintech and to ensure a level playing field for all fintech companies. I plan to continue leading the national conversation surrounding the issue of fintech in my role as **Non-Depository Supervisory Committee Chair** for the Conference of State Bank Supervisors.



Secretary Wiessmann, Sara Lomax-Reese, president and general manager of WURD Radio, and PennDOT Secretary Leslie Richards shared a panel discussion at the October Women's Leadership Luncheon in Philadelphia.

Developing the Next Generation of Leaders. Building upon the success of our first year, the department has plans to continue and grow the **Next Generation Bankers Academy** – a week long, intensive “boot camp” for college students interested in pursuing careers in finance or financial regulation, created in partnership with the Pennsylvania Bankers Association and the Pennsylvania Association of Community Bankers. We are excited to announce this year's program will be held **August 19-23**.

Creating a Banking Safe Harbor. State marijuana programs continue to stand in conflict with federal law. In the middle of this conflict are the businesses conducting themselves appropriately under state law – including banks, credit unions, law firms, and accounting firms. The department will continue to **push for the necessary Congressional action** to create a safe harbor for banks to serve state-compliant businesses.

I am immensely proud of the work of the Department of Banking and Securities and know that my colleagues and I will continue in our efforts to maintain Pennsylvania's trusted, secure financial services marketplace, and to serve Pennsylvania businesses and consumers over the next four years.

|| SAVE THE DATE OCTOBER 17, 2019 COMPLIANCE



STATEWIDE SECURITIES CONFERENCE
Additional Information on this event coming soon.



OUTREACH Spotlight



Education and outreach staff from the department will be meeting with groups of senior citizens, service providers, and the public throughout the month of January. Highlights include:

For General Audiences: The STaRT (Start Today and Retire Tomorrow) program – which focuses on retirement planning, setting goals, and how to achieve those goals – will be offered at Avon Grove Library at 117 Rosehill Avenue in West Grove (Chester County) on **January 26** from 11:00 AM to 12:00 PM.

The presentation “**Investment Fraud Bingo**” – an interactive presentation to help participants learn ways to protect themselves from investment frauds – will be offered at the following locations:

- PA CareerLink Mercer County at 217 West State Street in Sharon (Mercer County) on **January 30** from 10:30 AM to 11:30 AM
- PA CareerLink Lawrence County at 102 Margaret Street in New Castle (Lawrence County) on **January 31** from 11:00 AM to 12:00 PM and 1:00 PM to 2:00 PM

For Senior Citizens: The presentation “Avoiding Scams and ID Theft” will be offered at the Good Neighbor Senior Center at 1085 Hook Road in Darby (Delaware County) on **January 24** from 12:00 PM to 1:00 PM.

Staff members Katrina Boyer (top) and George Dillman speak to consumers and investors on a range of topics, including avoiding scams, cybersecurity, and saving and investing for the future.

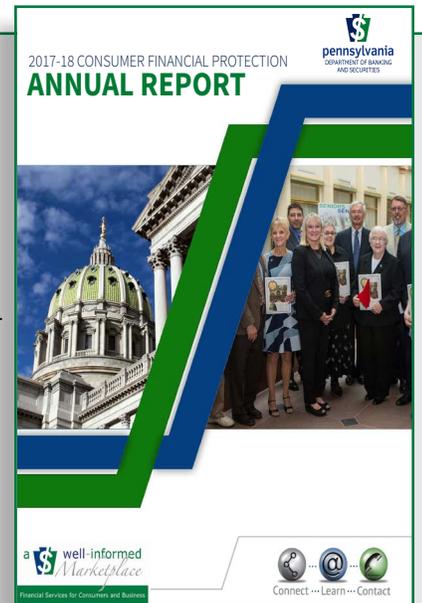
• • • Department Helps More Consumers in 2017-18

The Department of Banking and Securities released the Consumer Services Annual Report for 2017-2018. The report highlights the work of the department’s Financial Services for Consumers and Business staff under Governor Wolf’s **Consumer Financial Protection Initiative**.

Highlights of the report include:

- The department’s Consumer Services Office (CSO) responded to more than 5,400 complaints and inquiries during the reporting period – approximately 5 percent more than the previous year – including questions about deposit accounts (checking/savings), money transmission services, or mortgages.
- Approximately 85 percent of complaints or questions received by CSO are resolved the same day, with an average time of resolution of 4.5 days.
- CSO professionals worked with other regulatory and law enforcement agencies to help consumers resolve their issues or complaints in as streamlined a process as possible. These other organizations include federal agencies, local law enforcement, state government partners, and financial services agencies of other states.
- The department’s Investor Education and Consumer Outreach Office staff led, presented, or represented the department at 360 events, reaching more than 17,000 Pennsylvanians across 51 counties.
- Feedback from consumers resulted in the production of a **video** that explains the amount of interest Pennsylvania consumers can be legally charged when borrowing money.
- “Lessons Learned” on some of the more common complaints and pervasive consumer issues are included in the report, such as reverse mortgages, debt settlement, checking account overdraft fees, and safe deposit boxes. These sections summarize each issue, what everyone should know, and how the department can offer assistance.

Read the full report [here](#).

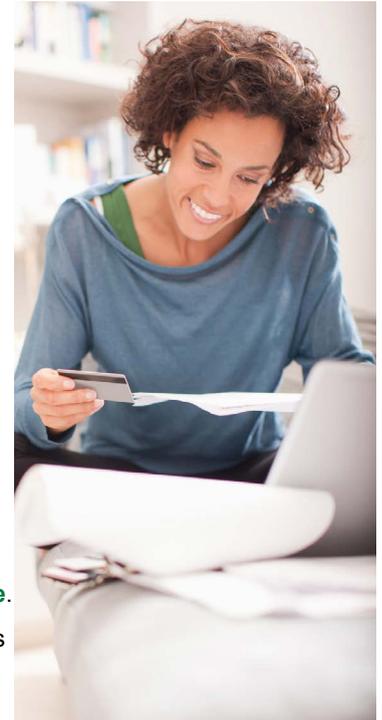




• • • Top 10 New Year's Resolutions for Consumers for 2019

Secretary Robin L. Wiessmann is offering 10 resolutions to help consumers protect and grow their money in 2019:

1. **Protect yourself from imposters.** Make sure to **investigate** before you invest, send, or lend your money to ensure you know who is on the other end of that phone call or email.
2. **Protect yourself online.** The Commonwealth has updated its **cybersecurity guide for consumers**, produced by a collaboration of 10 state agencies and offices. The guide will help you stop the loss, get it on record, file reports, and monitor your credit.
3. **Freeze your credit.** Protect yourself from certain types of ID theft by **freezing your credit** for free. Under a new federal law, consumers are entitled to free credit freezes from the three main credit monitoring agencies, TransUnion, Experian, and Equifax.
4. **Grow and protect your money.** The Department of Banking and Securities maintains an **online library of resources** on a wide variety of financial topics, ranging from investing to banking to retirement planning.
5. **Learn the signs of elder financial abuse.** Protect your loved ones by learning the “red flags” of elder financial abuse and where to go to report this crime from the **Elder Financial Abuse Prevention Guide**.
6. **Contact us with your complaints and questions!** Each year, our Consumer Services Office responds to thousands of people who need our help. Call 1.800.PA.BANKS or **contact us online**, and you will speak with a real, live person.
7. **Take the Annual Financial Checkup.** Following **seven simple steps** and checking in annually can help you maintain your financial health.
8. **Read PA Money Talks.** We publish a **blog** that helps Pennsylvanians make educated decisions with their money and learn more about consumer protection issues on the state and national levels.
9. **Follow us on social media.** **@PAFinancialReg** on Twitter; **PA Banking and Securities** Facebook; and **PA Investor Education** on Facebook.
10. **Schedule a consumer financial protection workshop for your group.** We work with state and local government agencies, service providers, community and trade organizations, schools, and other partners to help Pennsylvanians across the commonwealth become well-informed about the financial marketplace. Schedule a program by contacting us at **informed@pa.gov**.



• • • Sending Checks, Business Documents to DOC Inmates

Starting January 31, 2019, official business documents – including checks issued by banks and credit unions – may be mailed to inmates at the business office of their State Correctional Institutions (SCIs).

The Pennsylvania Department of Corrections began implementing new procedures regarding mail to inmates last year in an effort to stop the influx of drugs into facilities. Through the new “Smart Communications” system, all inmate mail is to be routed through a central facility in St. Petersburg, Florida.

However, business documents, including checks, passbooks, and deposit slips, are not required to be routed through Florida and may instead be mailed to the **business office of the SCI** where the inmate is being housed. It is important to note that any general correspondence with the official documents will be destroyed.

More information about the DOC mail system can be found **here**.

Mail inquiries can be made by calling 717.728.4063 or by contacting Jillian Deiley at DOC **jdeiley@pa.gov**.



SAFETY AND SECURITY

Cybersection



• • • **FINRA Issues Cybersecurity Practices Report for Broker-Dealers**

In December, the Financial Industry Regulatory Authority (FINRA) released a report on selected cybersecurity practices for broker-dealers and their firms. The report focuses on the areas of branch controls, phishing, insider threats, penetration testing, and mobile devices.

The report specifies: “FINRA notes that the specific practices highlighted in this report should be evaluated in the context of a holistic firm-level cybersecurity program.”

Additional resources from FINRA include its 2015 Report on [Cybersecurity Practices](#) and [Small Firm Cybersecurity Checklist](#).

Read the full report [here](#).

• • • **PA Supreme Court Holds Businesses Have Legal Duty to Safeguard Employee Information**



The Pennsylvania Supreme Court has ruled that an employer has a common law duty to use reasonable care to safeguard the sensitive personal information of its employees on an internet-accessible computer.

In *Dittman v. UPMC*, the Court granted discretionary review in the matter involving an employee who filed a class action complaint against her employer. She alleged that a data breach of her employer resulted in personal information – including names, birth dates, social security numbers, addresses, tax forms, and bank account information – of 62,000 employees being stolen and subsequently used to file fraudulent tax returns.

In addition to an employer having a legal duty to safeguard that information, the Court further held that under Pennsylvania’s economic loss doctrine, recovery for “purely pecuniary damages” arising under a negligence claim is permissible.

Read the PA Supreme Court’s Opinion [here](#).

• • • **DoBS Staff Recognition**



(Left) George Dillman of the Investor Education and Consumer Outreach Office graduated from the Emerging Leader Program on December 7. The program is designed to tap into the talents of commonwealth employees who exhibit leadership potential. Here he is pictured with Jason Swarthout, Director, Office of Administration Talent Management Office.

(Right) Senior IT Examiner Charles Jones, pictured here with Deputy Secretary of Administration Mary Beth Stringent, graduated from the Leadership Development Institute (LDI) in November. LDI provides professional developmental opportunities for employees who demonstrate leadership potential and the ability to succeed in positions of greater responsibility within Pennsylvania government.





• • • Top 10 New Year's Resolutions for Businesses for 2019

Secretary Robin L. Wiessmann is offering 10 New Year's resolutions to help Pennsylvania businesses in 2019:

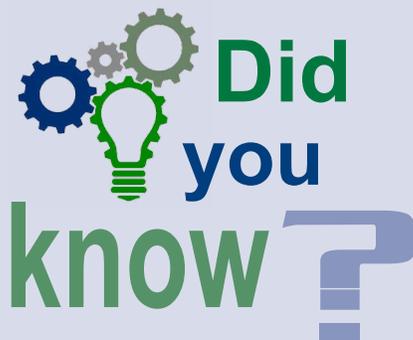
1. **Make cybersecurity a top business priority.** The cybersecurity challenge has both broadened and deepened. Take advantage of the resources offered by our **Cybersecurity Team** to keep your business, vendors, and customers safe.
2. **Protect your clients from elder financial abuse.** The department offers nationally recognized programs to business groups. Contact us at informed@pa.gov to learn more about how you and your employees can protect your customers from this crime. You can also download the **Elder Financial Abuse Prevention Guide**.
3. **Promote women in leadership roles.** "We have reached the stage where the success of women in business now means the same as the success of business in general," said Wiessmann. "More and more women are proving that we can not only be successful for ourselves, but that we can add real, tangible value to any enterprise."
4. **Contact your congressional representative about creating a safe harbor for marijuana-related businesses.** Pennsylvania businesses conducting themselves appropriately under Pennsylvania law – including banks, credit unions, law firms, and accounting firms – find themselves squarely in the middle of a conflict between federal and state law.
5. **Fintech: contact our Innovation Staff Contact.** We have designated a single point of contact between technology innovators offering financial services (fintech) and the commonwealth's financial regulator. Email fintech@pa.gov with your questions about how your technology company's plans can work in Pennsylvania's financial services market.
6. **Call your regulator with questions.** The department works to ensure that the companies and individuals we supervise understand the rules under which they are expected to operate and help them navigate Pennsylvania and federal regulatory structures. Learn how to connect with your regulator [here](#).
7. **Read PA Money Talks.** We publish a **blog** for our stakeholders, media, and consumers to learn more about complex financial, consumer protections, and regulatory subjects.
8. **Get involved in the Next Generation Bankers Academy,** an intensive, weeklong **experiential summer learning opportunity** for college students interested in careers in banking or financial regulation. Program sponsors and bank partners provide on-site instruction by executives and managers directly to students.
9. **Participate in the CSBS Community Bank Case Study Competition,** which encourages undergraduate college students to explore community banking by partnering **student teams with local banks** to conduct original case studies. Last year, Pennsylvania entered the most teams!
10. **Subscribe to The Quarter.** Four times a year, more than 70,000 people receive "The Quarter," the department's e-newsletter that contains updates on regulatory, industry, consumer, and department news and trends. Stay informed and subscribe [here](#).

Bonus Resolution: Connect to the Department and Banking and Securities through **Facebook** and **Twitter** to stay on top of department news and industry trends.



January is a great time for an annual financial checkup!

Take some time to look at these financial areas of your life to determine areas that might need some attention. Like your physical health, your financial health is important to your overall well-being. Learn more [here](#).





COMPLIANCE CORNER

Compliance

4th Quarter 2018 • Enforcement Orders • • •



The department issued 43 enforcement orders during the fourth quarter of 2018. Fines and assessments for these orders totaled **\$1,397,900**, with an additional **\$187,621.51** in restitution to be paid to Pennsylvania consumers, including:

- Eleven Consent Agreement and Orders and three Orders to Cease and Desist issued for violations of the Debt Settlement Services Act
- Seven Consent Agreement and Orders, including a permanent debarment, and eight Orders to Show Cause issued for violations of the Pennsylvania Securities Act of 1972;
- Six Consent Agreement and Orders and one Suspension and Cease and Desist Order issued for violations of the Consumer Credit Code;
- Two Consent Agreement and Orders, including a one-year debarment, three Orders, and one Suspension and Cease and Desist Order for violations of the Mortgage Licensing Act; and
- One Consent Agreement and Order issued for violations of the Money Transmitter Act.

Comprehensive lists of enforcement orders administered by the Department of Banking and Securities are available online at dobs.pa.gov. Anyone can ask questions or file complaints concerning financial products or services by calling **1.800.PA.BANKS** (or 800.600.0007) or clicking ([here](#)).

Amendments to Check Casher Licensing Act Become Law • • •

Gov. Tom Wolf signed **Act 122 of 2018** into law on October 24, 2018.

The legislation, authored by Rep. Brian Ellis and Rep. Curtis Thomas, provided for a number of changes to the Check Casher Licensing Act, including:

- Authorizes licensed check casher to cash postdated government checks, government assistance checks, or payroll checks so long as the date is no more than five days later than when the check is presented and the fee charged does not exceed what is permissible under the Act;
- Updates and modernizes provisions of the Act relating to the Department's authority, license renewal, suspension, and revocation, and civil penalties;
- Updates antiquated provisions of the 1998 statutes which have seen limited updates over the past 20 years.

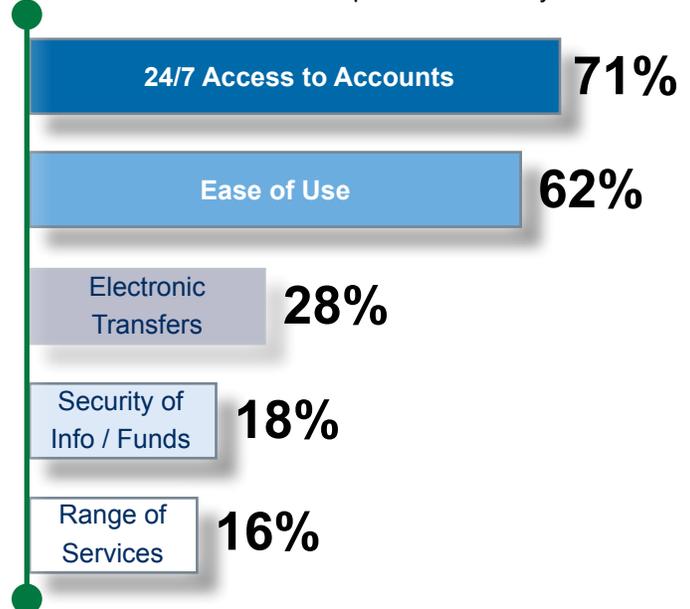
The bill was supported by both the check cashing industry as well as consumer protection groups, and was met with bipartisan, **nearly unanimous support** in both the Pennsylvania House and Senate.



INDUSTRY DATA | TRENDS | STATS Research

• • • Why Mobile or Online Banking?

160 Underbanked Respondents Surveyed



Source: Department of Banking and Securities/Kutztown University